

Respondents' Presentation

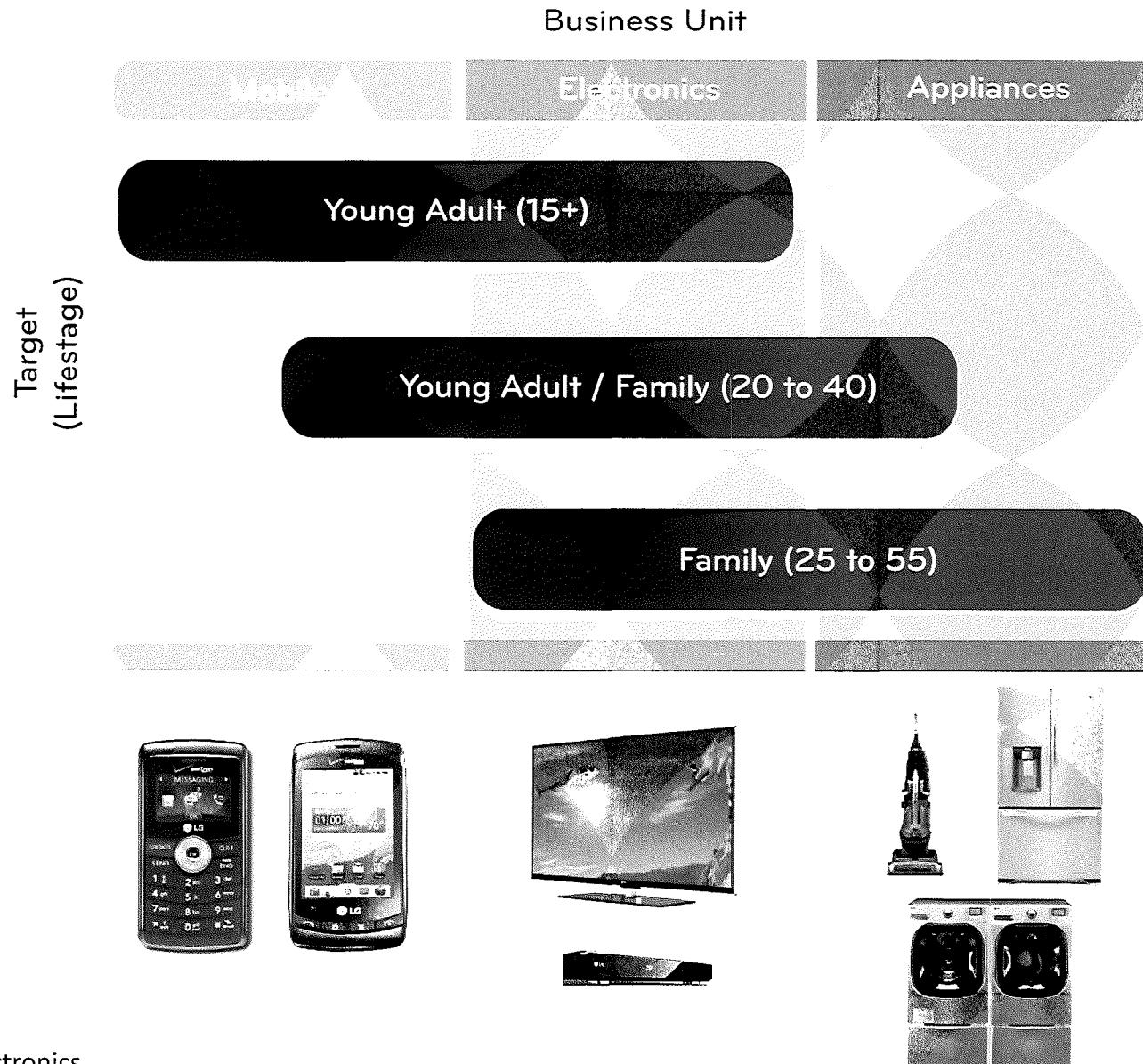
# Large Residential Washers from China

Inv. No. 731-TA-1306

December 7, 2016

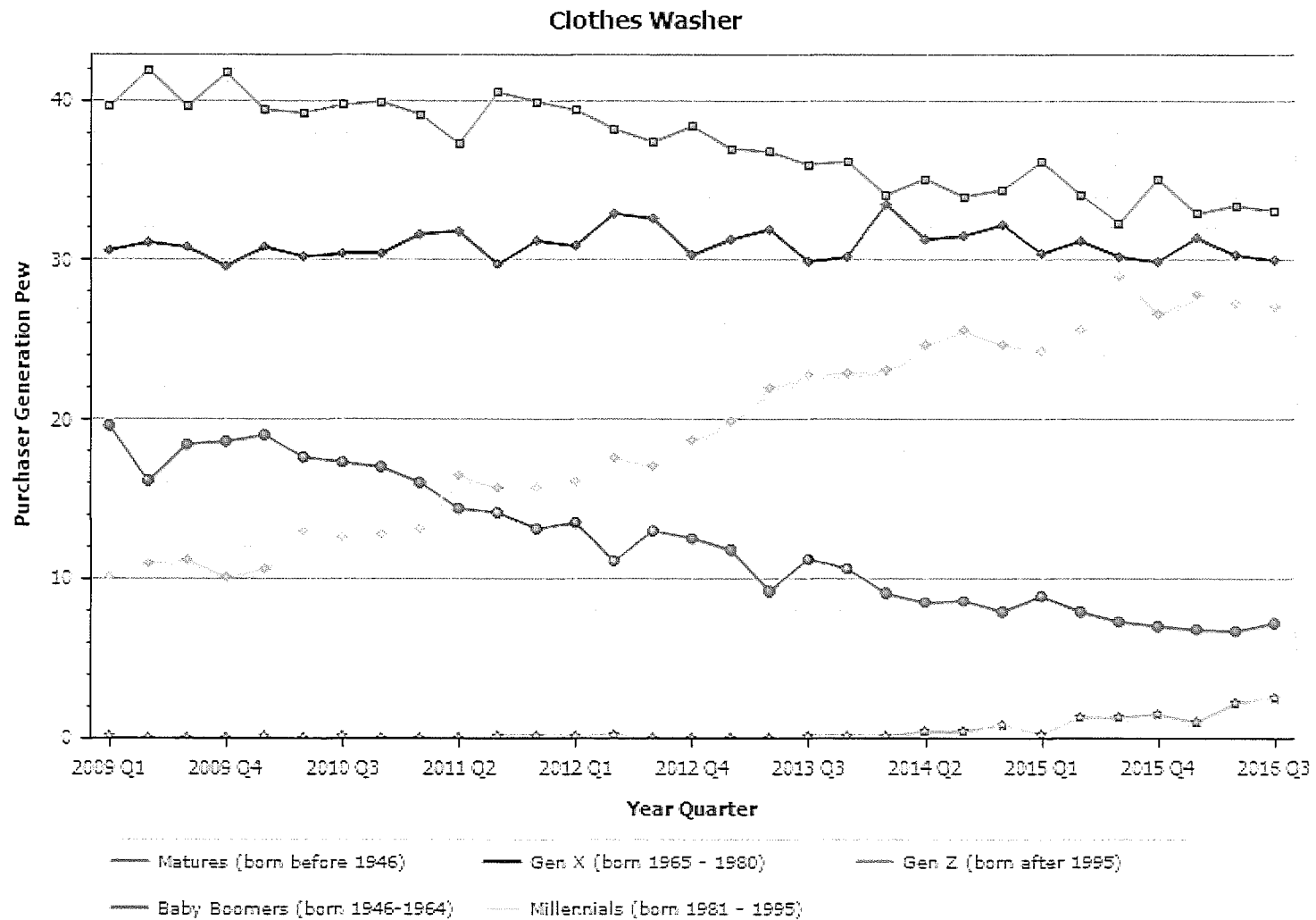
John Toohey  
Director of Strategy

# LG's Product Portfolio . . .



Source: LG Electronics

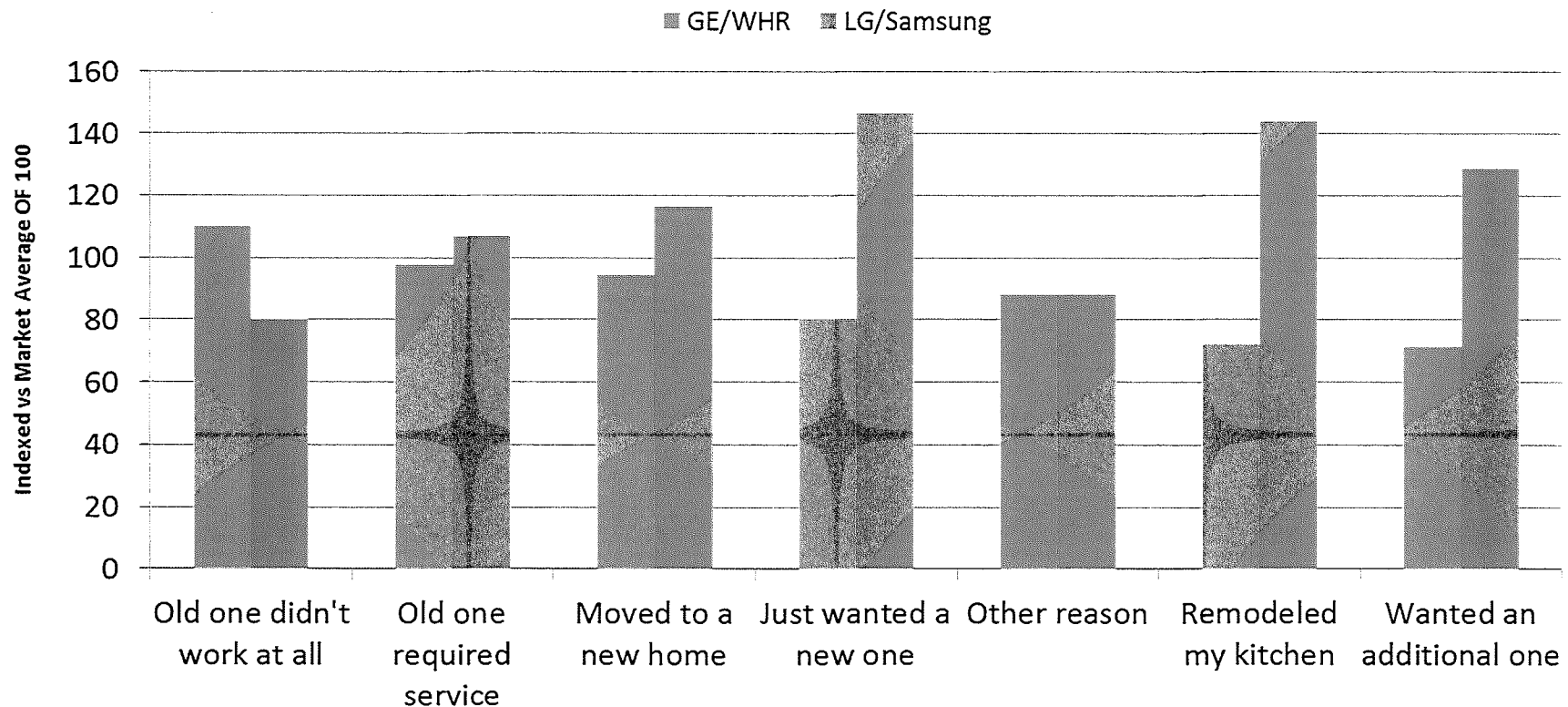
# Rapid Growth of Millennials



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# LG & Samsung Brands Strongly Outperform in Discretionary Reasons for Purchase

## People Buy Different Brands for Different Reasons



Source: TraQline, Most recent twelve quarters, washing machines

# Laundry Innovation: **LG TWINWash™**

WASH TWO LOADS AT THE SAME TIME



**BIG LOADS ABOVE**

Including a king-size comforter  
and full set of king bedding



**SMALLER**

**OR SPECIAL-CARE LOADS BELOW**  
In the one-of-a-kind SideKick™  
pedestal washer



# Washer Innovation: Front Control Top Load

## Revolutionary Spin on Laundry

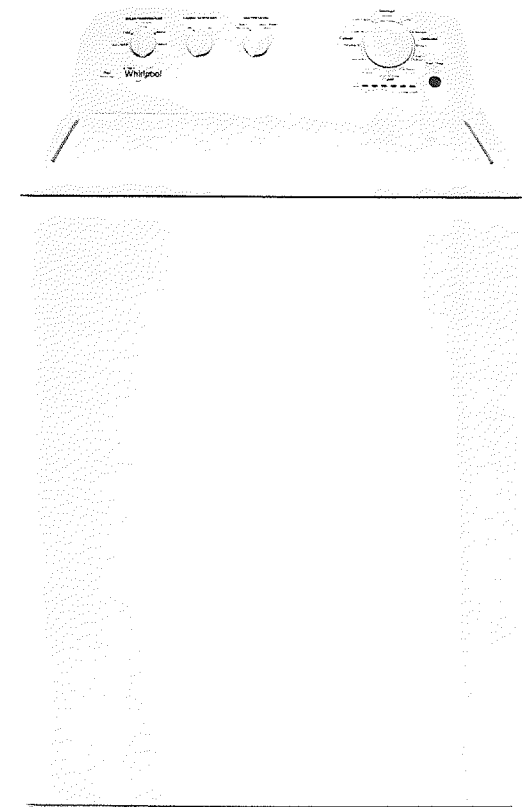


More intuitive and functional design

Buttons and display are easier to read and use

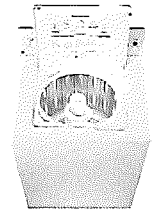


Source: LG Electronics



Conventional

# US Washer Market Segmentation



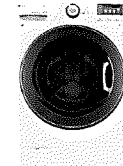
ASP \$460

**Top Load  
with Agitator  
(38.1%)**

1. Whirlpool Corp 48.5%
  2. GE Corp 22.9%
  3. Sears/Kenmore 17.7%
- (Produced by Whirlpool)

1. Whirlpool Corp 41.6%
2. LG 16.2%
3. Samsung 14.0%

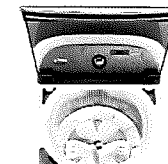
**Front Load  
(28.5%)**



ASP \$764

1. Whirlpool Corp 27.9%
2. LG 22.8%
3. Samsung 18.1%

**Top Load  
w/o Agitator  
(33.4%)**

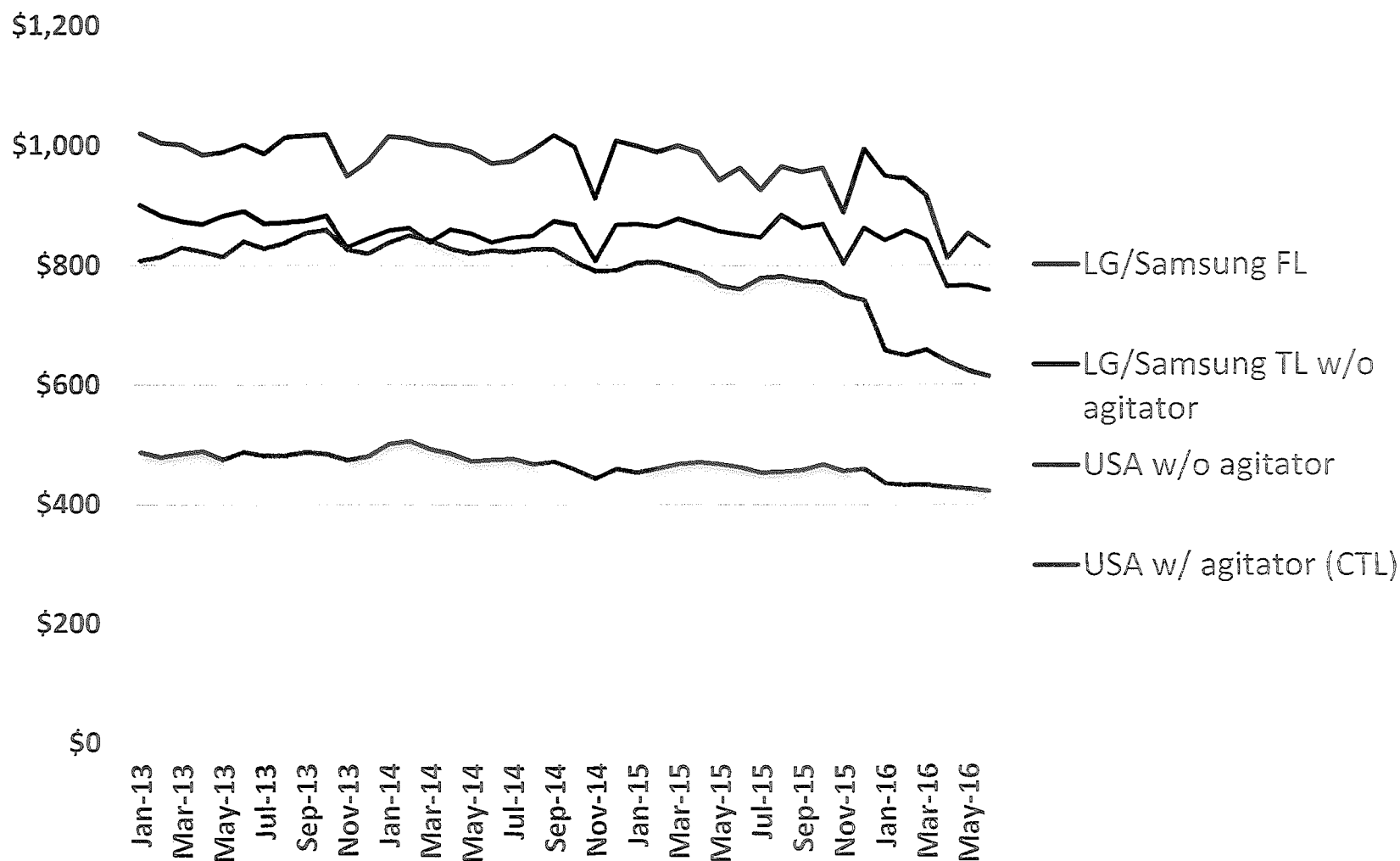


ASP \$609

Source: TraQline (Q1 2012 - Q3 2016, units)

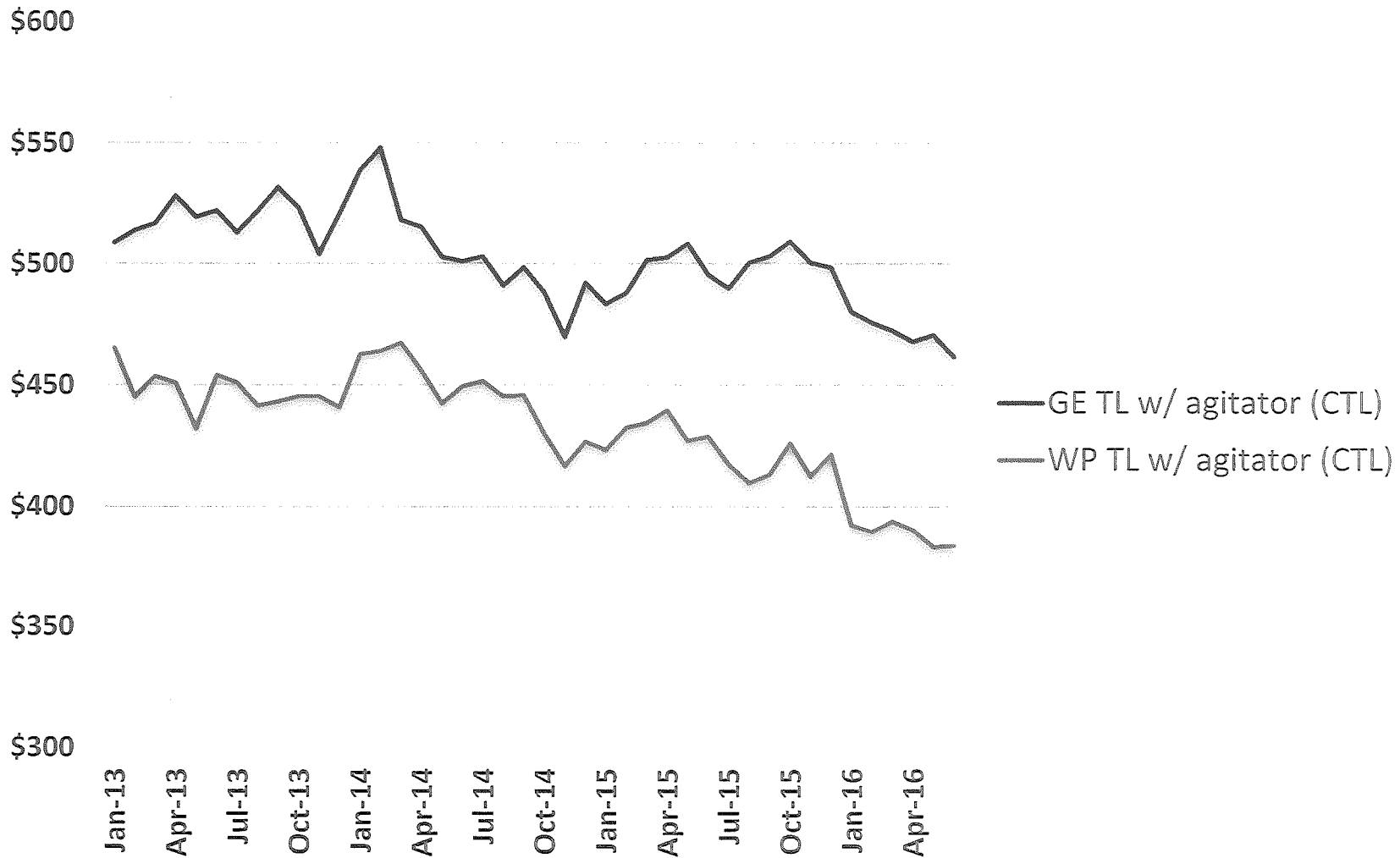


## If There is Price Compression, it is from U.S. Top-Load Washers without Agitators



Source: GAP database, average price for all models in each category.

## Intra-Industry Competition between Whirlpool and GE Drive Price Changes in the U.S. Top-Load Washers with Agitators Market



Source: GAP database, average price for all models in each category.

Doug Mittrucker  
Director of Key Accounts

“Sales of Washer and Dryers are Inextricably Linked”



Source: LG Electronics

# “Sales of Washer and Dryers are Inextricably Linked”



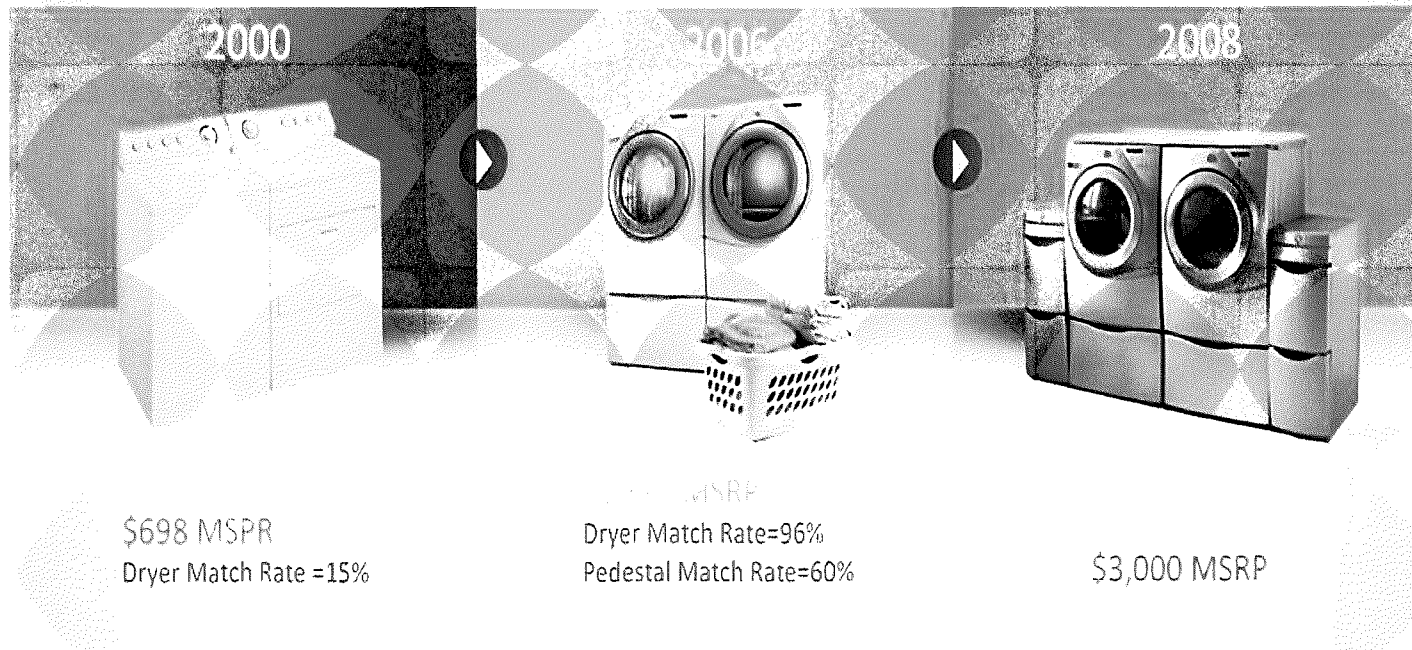
Source: LG Electronics

# “Sales of Washer and Dryers are Inextricably Linked”

## Fabric Care Evolution

Sale of single machines transformed  
to increased pair sales

Pair sales transformed to lifestyle suites



WHIRLPOOL CORPORATION • CONFIDENTIAL

April 25, 13

 ■ 21

Boston, April 23, 2013

Source: Presentation by Moisés Noreña  
Whirlpool Global Director of Innovation  
Imaginatik's Innovation Leaders Forum  
(available on Internet)

## “Sales of Washer and Dryers are Inextricably Linked”

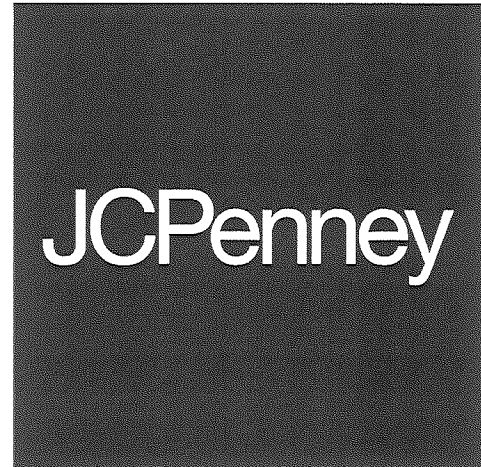
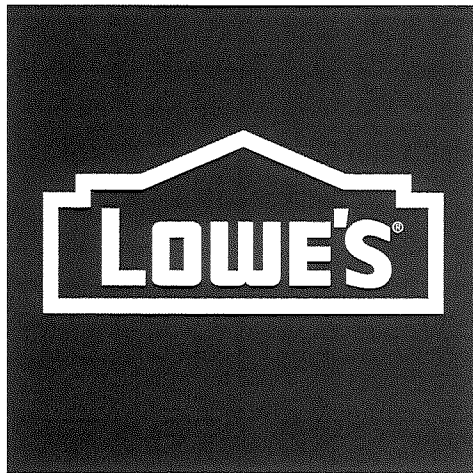
“In the laundry market, the sales of washers and dryers are inextricably linked. This is because consumers typically buy washers and dryers in matching sets. For example, since September 2007, Whirlpools' sales figures indicated that 99.8% of purchasers of the Duet Steam Dryer in the color aspen, also purchased the matching Duet Steam Washer, and that number (known as the “attachment rate”) is even higher for purchasers of the product in the color white.”

Declaration of Pamela Rogers, Whirlpool's Director of Key Accounts

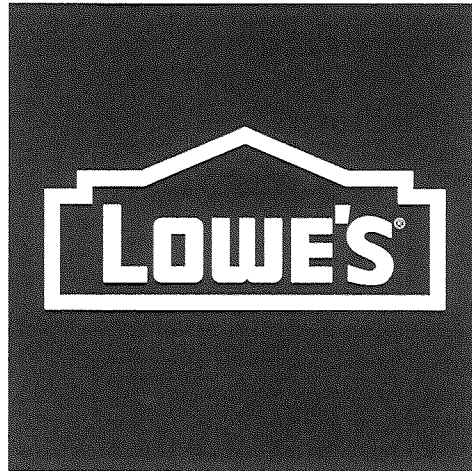
John Toohey  
Director of Strategy



## New Retailers Account for LG's Growth



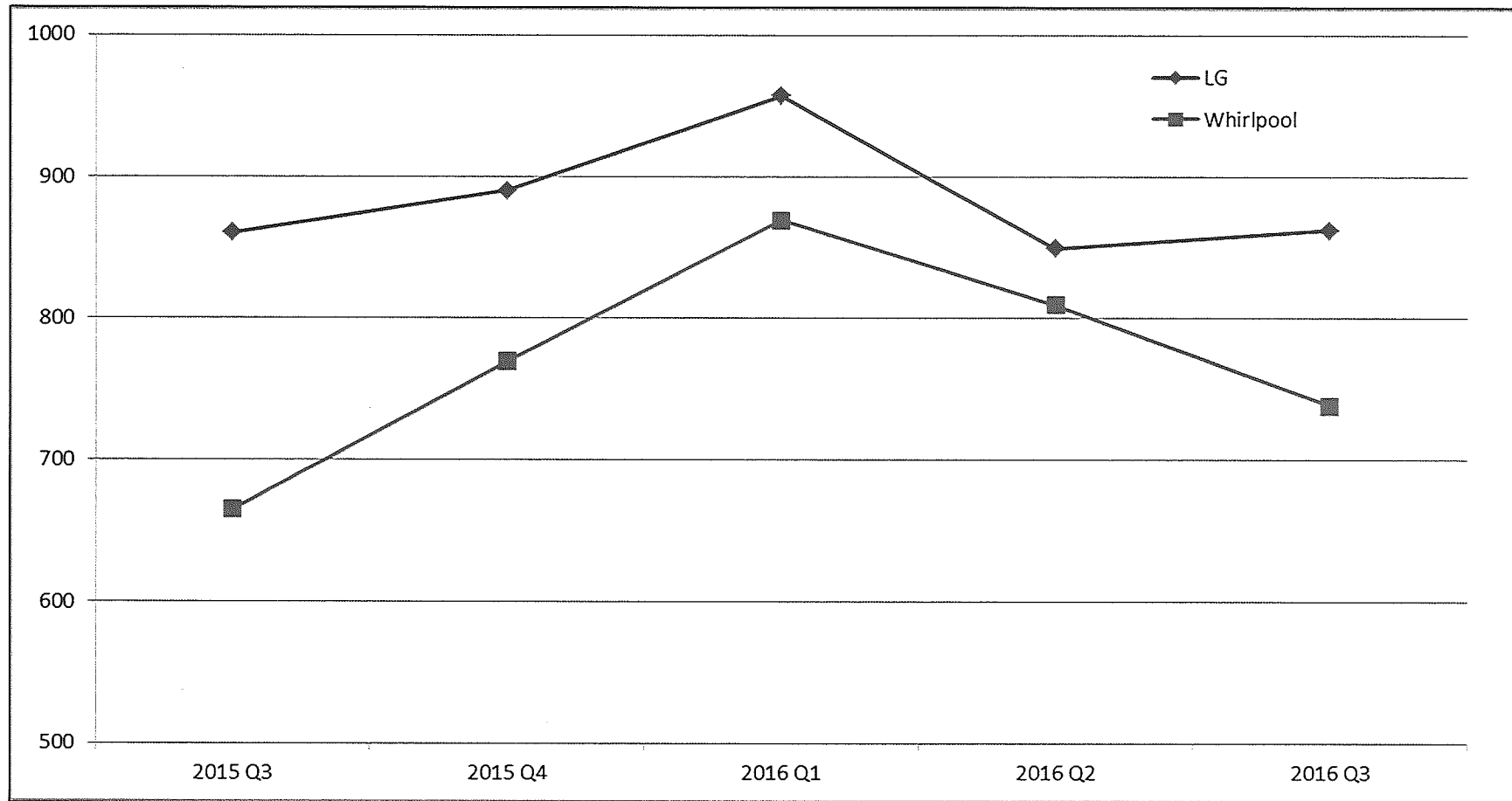
# **New Retailers Account for LG's Growth**



# New Retailers Account for LG's Growth

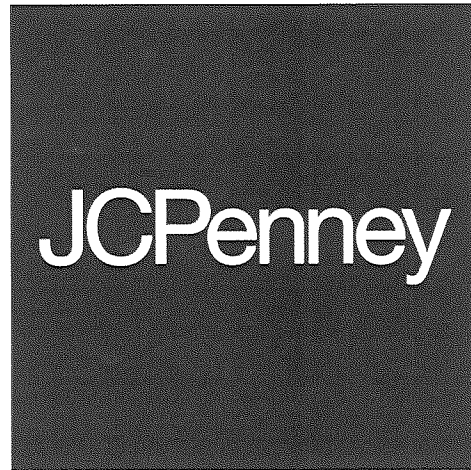


# Washer ASP Trend at Costco



[source: traqline.com]

# New Retailers Account for LG's Growth

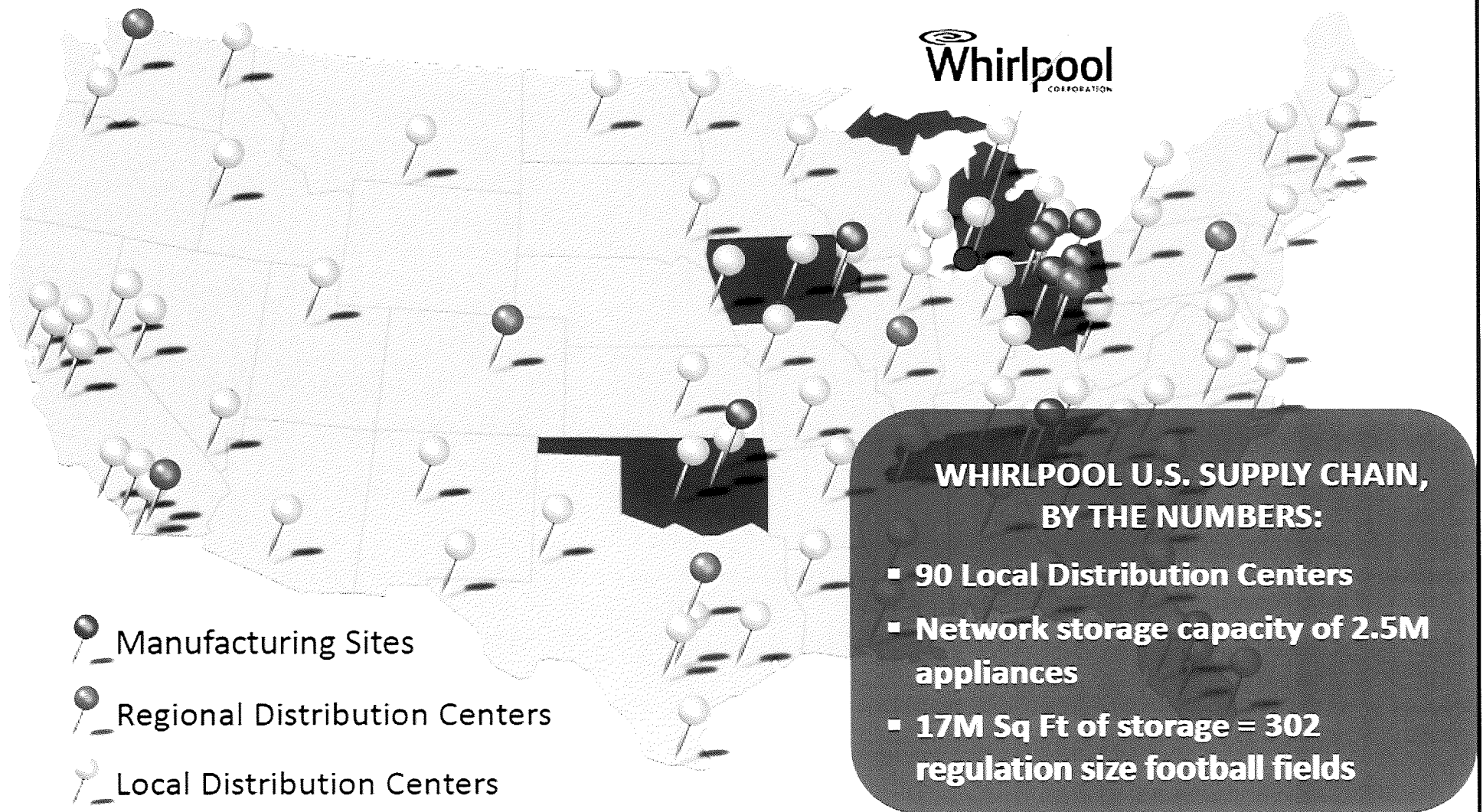


# ITC Final Investigation Hearing: Large Residential Washers from the People's Republic of China

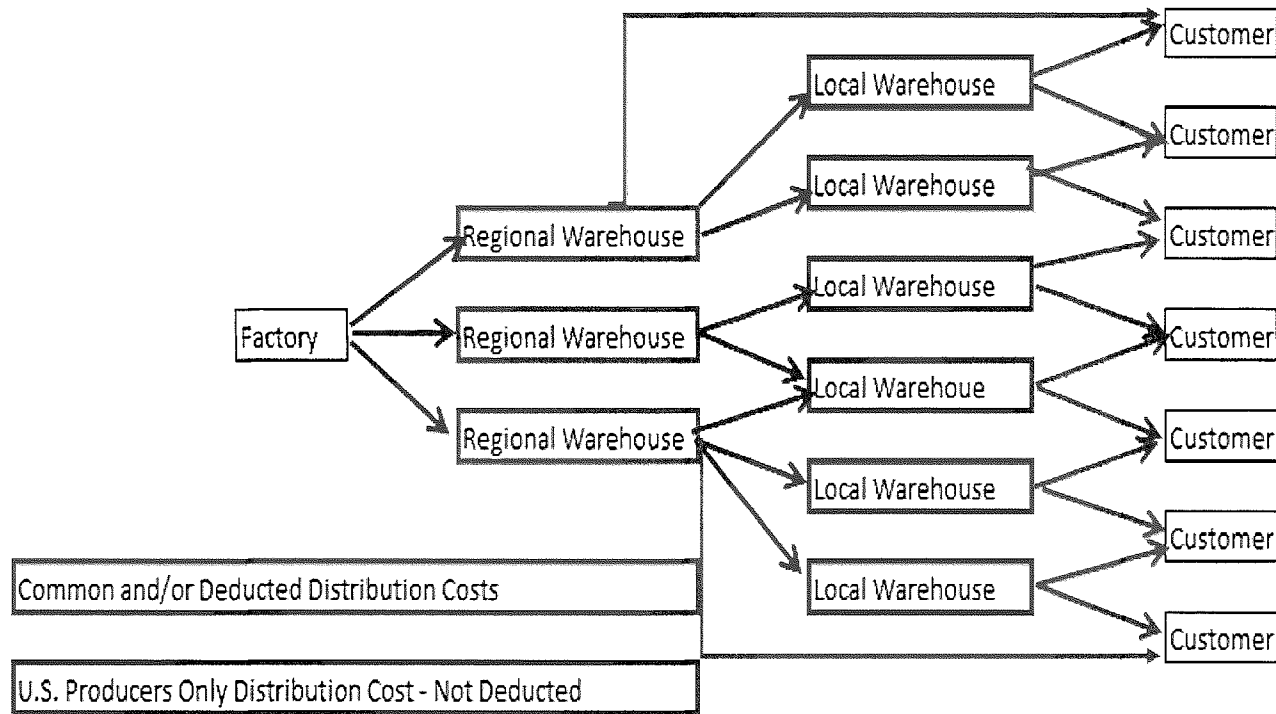
December 7, 2016

Daniel Klett

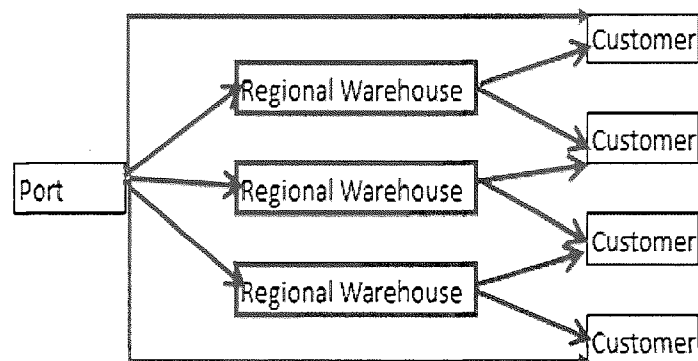




## Whirlpool/GE Distribution Costs: Factory to Customer

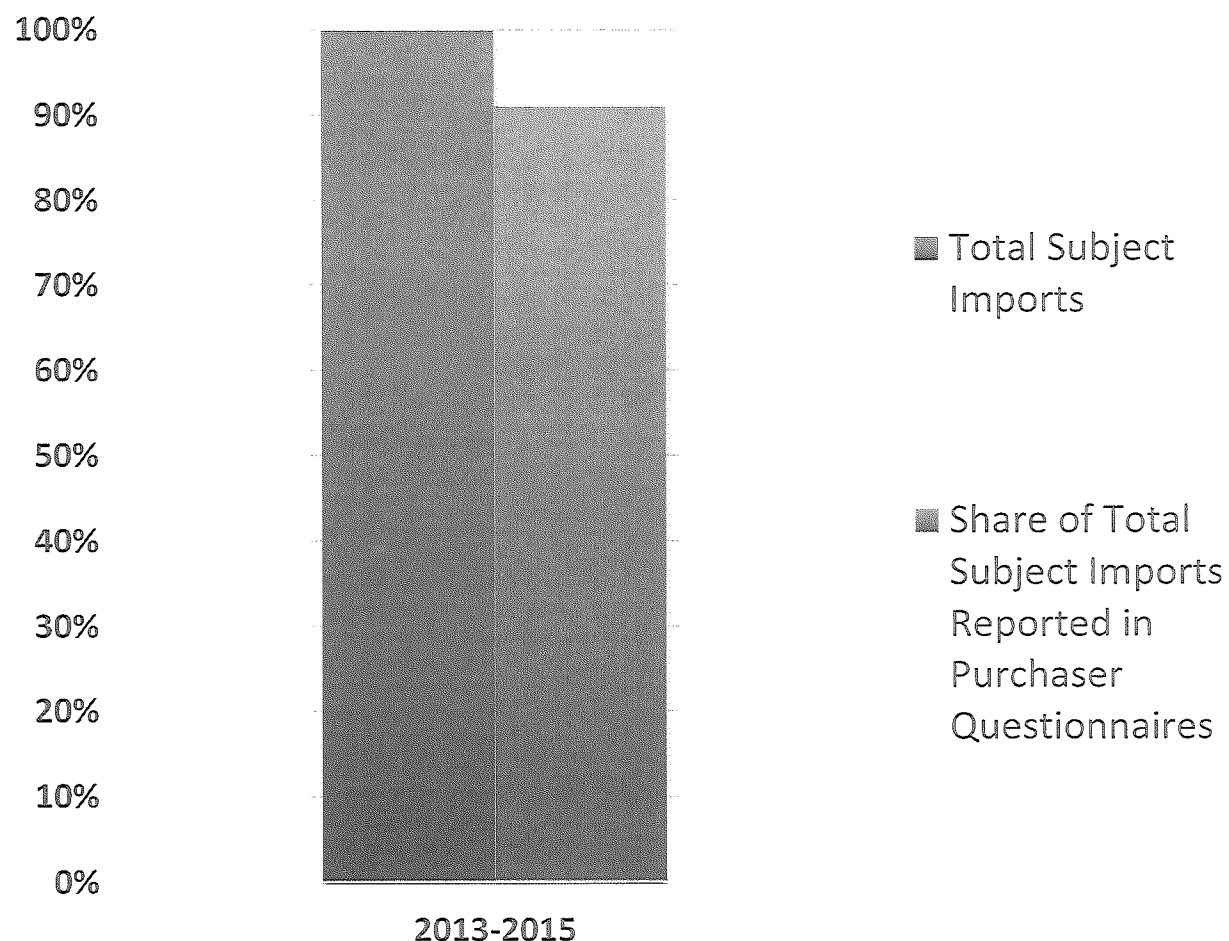


## LG/Samsung Distribution Costs: Port to Customer





## Responding Purchasers Account for a High Share of Total Subject Imports from China



Sources: Prehearing Report, Table IV-8 for total subject imports, Tables V-18 and V-19 for subject imports reported in purchaser questionnaire for 2015, and calculations from purchaser questionnaires for total purchasers during 2013-2015.

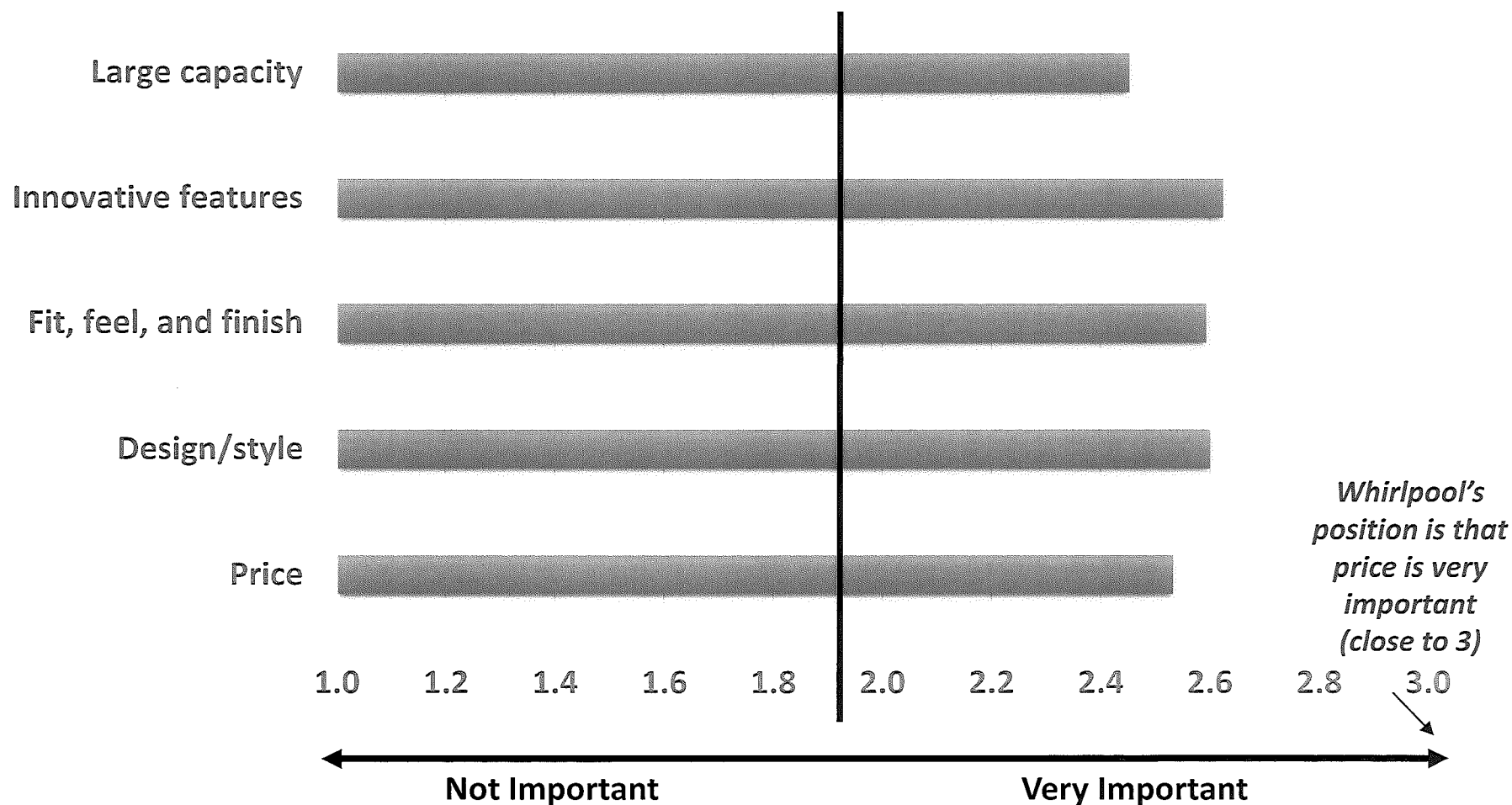
# Purchasers Questionnaire Responses Can Be Analyzed on A Weighted Average Index Basis

- 1) First convert qualitative characterizations into numbers:

Question IV-7	Question III-19	Questions III-24, III-26
Superior = 3	Very Important = 3	Always = 4
Comparable = 2	Somewhat Important = 2	Usually = 3
Inferior = 1	Not Important = 1	Sometimes = 2
		Never = 1

- 2) Then, weight numeric indices by 2015 total purchase volumes to get a single weighted average response index.

## Many Non-Price Factors Are Equal or More Important Than Price (Weighted Average of all 30 Purchasers)



**Question III-19**

**Not Important = 1**

**Somewhat Important = 2**

**Very Important = 3**

Source: Prehearing Staff Report at Table II-6, Respondents' Prehearing Brief, Exhibit 5, calculated from purchaser questionnaires.

Prepared by Capital Trade, Inc. 5

### III-30. Purchaser Questions on Product Shifting and Underselling

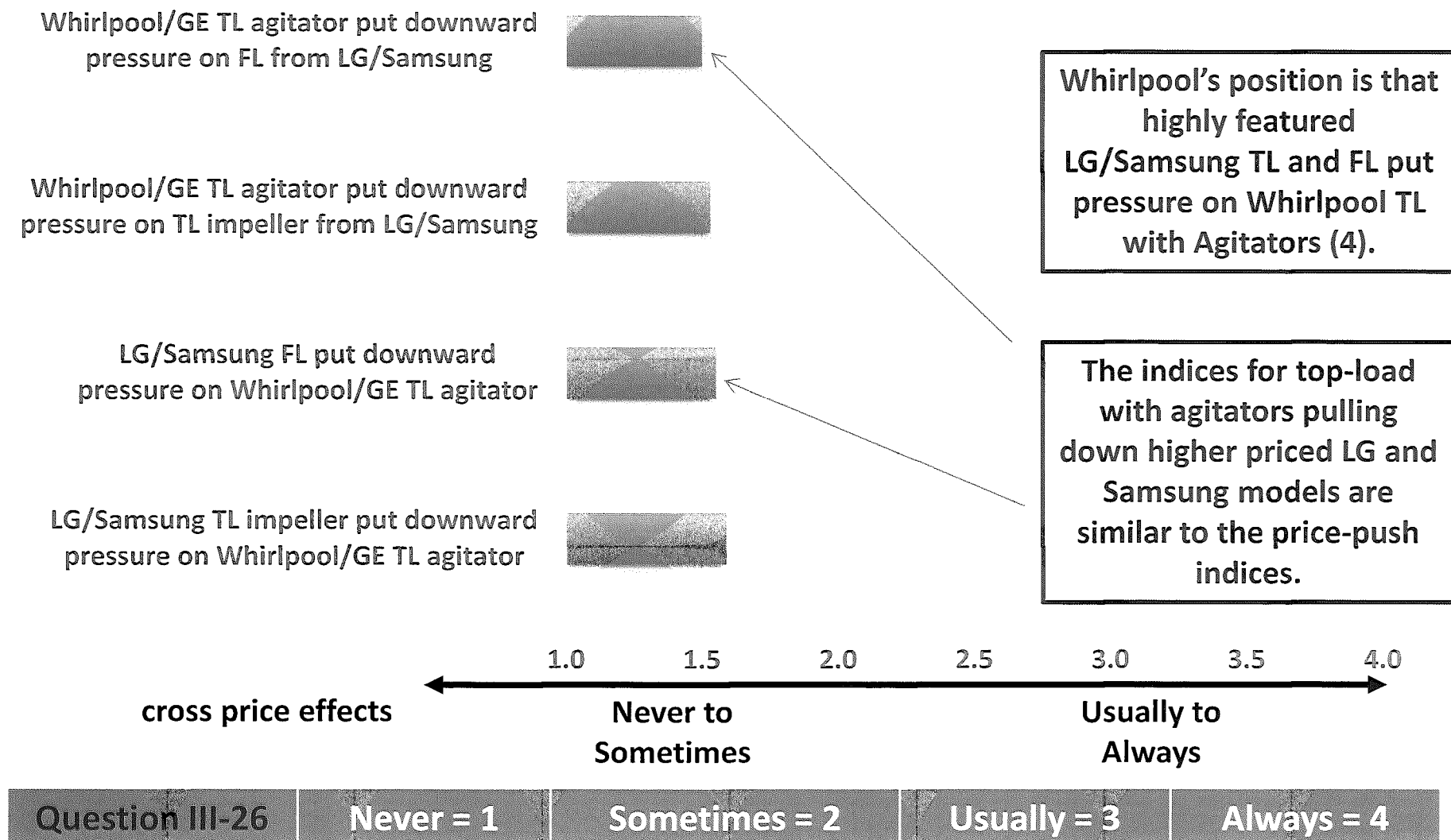
- a) Since January 1, 2013, did your firm purchase imports of large residential washers from China (LG/Samsung) instead of U.S.-produced large residential washers (e.g., GE, Whirlpool)?
- b) If you responded "Yes" to part (a), was the product from China (LG/Samsung) priced lower than the domestic product?
- c) If you responded "Yes" to part (a) above, was price a primary reason for the shift?
  - If Yes, estimate the quantity of purchases that your firm shifted to China (LG/Samsung) since January 1, 2013 because of price (in number of units)
  - If No, please indicate the reason for the shift

### III-26. Purchaser Questions on Price Compression

- b) How often do price reductions on highly featured top load (front load) washers from China (LG and /or Samsung) put downward price pressure for less featured top load washers with agitators from the United States (Whirlpool (all brands) and/or GE?
- c) How often do price reductions on less featured top load washers with agitators from Whirlpool (all brands) or GE put downward pressure on prices for highly featured top load washers and front load washers from LG and Samsung?

# Whirlpool's Price Compression Theory is Not Supported by Purchasers

(Weighted Average of all 30 Purchasers)



Source: Prehearing Staff Report at V-6 to V-7, Respondents' Prehearing Brief, Exhibit 5, calculated from purchaser questionnaires, Q.II-1 and III-26..